

Message Text

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S E C R E T STATE 005863

LIMDIS

FOLLOWING REPEAT USNATO 175 ACTION SECSTATE WHITE HOUSE

DATED JAN 08:

QTE: S E C R E T USNATO 00175

S/S FOR P. TARNOFF

NSC FOR R. HUNTER

E.O.11652: XGDS-1

TAGS: PORG, NATO, NAC, US, OVIP (CARTER, JIMMY)

SUBJECT: PRESIDENT CARTER'S MEETING WITH NORTH ATLANTIC

COUNCIL JANUARY6, 1978: PRESIDENT CARTER'S REMARKS

FOLLOWING INTERVENTIONS BY PERMANENT REPRESENTATIVES

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REF: (A) USNATO 144, (B) USNATO 148

FOLLOWING ARE MISSION'S NOTES ON PRESIDENT CARTER'S
APPROXIMATELY 10 MINUTES OF REMARKS IN REPLY FOLLOWING
THE INTERVENTIONS BY PERMANENT REPRESENTATIVES (ITALY,
FRG, THE NETHERLANDS, DENMARK, CANADA, NORWAY, AND FRANCE)

DURING HIS JANUARY 6, 1978, VISIT TO THE NORTH ATLANTIC COUNCIL (WE UNDERSTAND THAT WHITE HOUSE COMMUNICATIONS AGENCY UNIT HAS RECORDED ALL OF PRESIDENT'S REMARKS AT NORTH ATLANTIC COUNCIL):

BEGIN MISSION'S NOTES:

THERE HAS BEEN A DRAMATIC CHANGE IN OUR ATTITUDES IN THE US OVER THE LAST FEW MONTHS REGARDING TROOPS IN EUROPE. IN THE RECENT PAST, QUESTIONS WERE RAISED ABOUT OUR COMMITMENT TO EUROPE. NOW THERE IS AN ALMOST UNANIMOUS FEELING THAT THE US SHOULD MAINTAIN AND STRENGTHEN ITS FORCES HERE AND EVEN INCREASE THEM. IN MY ADMINISTRATION THERE IS UNANIMITY ON THIS.

RELATIONS WITH THE SOVIETS CONTRARY TO WHAT THEY WERE SIX MONTHS AGO ARE NOW GENERALLY GOOD. WE ARE DISCUSSING A BROAD RANGE OF ISSUES. WE ARE ENGAGED IN SALT II AND IN DISCUSSING PRINCIPLES FOR SALT III. THE US HAS NOTHING TO CONCEAL FROM ITS ALLIES WITH REGARD TO THESE NEGOTIATIONS. IF ANY OF YOU ARE NOT SATISFIED WITH THE INFORMATION WE ARE PROVIDING, WE WILL BE GLAD TO HAVE OUR SECRETARY OF STATE OR DEFENSE COME TO BRIEF YOU HERE IN THE COUNCIL. IF INDIVIDUAL NATIONS WANT FURTHER INFORMATION, WE WILL BE PREPARED TO MEET WITH THEM BILATERALLY.

IN ADDITION TO SALT II WE ARE ALSO DISCUSSING A COMPREHENSIVE TEST BAN.

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SIVE TEST BAN WITH THE SOVIETS AND THE BRITISH. WE WILL REQUIRE ADEQUATE VERIFICATION. THE AGREEMENT IS LIKELY TO BE LIMITED IN DURATION, HOWEVER. WE ARE NEGOTIATING WITH THE SOVIETS ON THE LEVEL OF DEPLOYMENTS IN THE INDIAN OCEAN WHICH UP TO NOW HAS BEEN A RELATIVELY CALM AREA. WE HAVE NO INTENTION OF REDUCING OUR PRESENCE, BUT DESIRE TO HEAD OFF AN ARMS RACE IN THE AREA. WE ARE KEEPING OTHERS INFORMED, PARTICULARLY THE FRENCH WHO HAVE AN INTEREST IN THIS AREA. AMONG OTHER IDEAS WE ARE DISCUSSING WITH THE SOVIETS ARE CHEMICAL AND BIOLOGICAL WARFARE, MODIFICATION OF MISSILE TEST FIRING AND ANTI-SATELLITE DEVICES. IN EVERY INSTANCE THE TONE AND ATTITUDE OF THE SOVIETS HAS BEEN GOOD. WE HAVE NO INDICATIONS THAT ANY OF THESE DISCUSSIONS SHOULD CAUSE CONCERN FOR OUR EUROPEAN ALLIES. THERE IS NO NEED TO FEAR DECOUPLING. THE US RECOGNIZES THERE IS AN INTIMATE RELATIONSHIP OF FORCES AND SUPPORTS THE NATO TRIAD CONCEPT.

TO BE FRANK, I THINK THE TIME HAS COME TO TALK ABOUT THE THOUSANDS OF THEATER NUCLEAR WEAPONS DEPLOYED. AFTER SALT II IS CONCLUDED WE WILL NEED TO TALK ABOUT THEATER NUCLEAR FORCES. WE HAVE NOT YET HAD A SUFFICIENT DISCUSSION OF

THIS ISSUE AND HOW IT RELATES TO SUCH SOVIET SYSTEMS AS THE SS-20 WHICH IS A HIGHLY (DE-)STABILIZING FACTOR. WE WILL ALSO NEED TO DISCUSS THE ENHANCED RADIATION WARHEAD. WITH REGARD TO THE MIDDLE EAST, WE ARE PLEASED TO SEE THAT SOME OF THE RESPONSIBILITY FOR FINDING A SOLUTION HAS SHIFTED FROM US TO BEGIN AND SADAT. WE ARE PLEASED WITH PRESIDENT SADAT'S INITIATIVES. HE IS A MAN OF GREAT COURAGE. I DON'T BELIEVE THERE IS A NATIONAL FIGURE, WITH DUE RESPECT TO THOSE OF THE COUNTRIES REPRESENTED HERE, TO WHOM I AM CLOSER THAN WITH SADAT. WE SHARE MANY VIEWS. INDEED, IF THERE ARE ANY DIFFERENCES BETWEEN SADAT AND ME IN RESOLVING THE MIDDLE EAST DISPUTE, I DON'T KNOW WHAT THEY ARE. PRIVATELY SADAT AND BEGIN ARE CLOSER TO A SOLUTION THEN THEY ARE WILLING TO SAY PUBLICLY BUT WE MUST LEAVE

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THE PUBLIC ASPECTS OF THIS ISSUE TO THEM. THE MIDDLE EAST SITUATION HAS A LONG AND DIFFICULT HISTORY. WE ARE TRYING TO REMOVE OURSELVES AS A RELUCTANT INTERMEDIARY. DURING MY MIDDLE EAST TRIP, I ALSO MET WITH HUSSEIN, THE SAUDIS, AND SCHMIDT.

CONCERNING OIL PRICES, WE HAVE USED EVERY OUNCE OF POLITICAL PRESSURE TO OBTAIN A FREEZE. THE SHAH PROMISED AND WORKED TO HOLD PRICES STEADY. THE SAUDIS WERE AMIABLE. WHEN BARBARA WALTERS ASKED PRINCE FAHD ABOUT OIL PRICES, HE SAID THEY WOULD HOLD THROUGH 1978. THERE IS A DECISION TO FREEZE PRICES, BUT WE ANTICIPATE SOME PRESSURE TO INCREASE PRICES OVER THE NEXT SIX MONTHS.

THE US WILL PARTICIPATE ACTIVELY IN THE UNITED NATIONS SPECIAL SESSION ON DISARMAMENT. WE ARE SETTING A LIMIT ON OUR SALES OF CONVENTIONAL WEAPONS, AND I EXPECT A REDUCTION IN SUCH SALES DURING 1978. WE ARE TALKING TO THE SOVIETS AND THE FRENCH ABOUT THIS ISSUE AND WILL TRY TO RESOLVE THE PROBLEM ON A MULTI-LATERAL BASIS. IF WE ARE NOT SUCCESSFUL IN MULTI-LATERALIZING THE SOLUTION, THE US WILL NONTHELESS STILL WORK TO LESSEN ITS OWN ARMS SALES ABROAD. ACTIVITY IN THIS AREA WILL NOT, HOWEVER, ENDANGER WESTERN SECURITY.

WE ARE MEETING OUR COMMITMENTS REGARDING THE LEVEL OF ECONOMIC RESOURCES TO BE COMMITTED TO NATIONAL DEFENSE. I HOPE OTHERS CAN DO THE SAME. I HOPE ALL CAN DO IT. IT WILL BE GRATIFYING IF ALL CAN DO SO. IF NOT WE WILL DO SO ANYWAY. THE US ECONOMY IS STRONG AND STABLE. UNEMPLOYMENT IS DOWN. THERE HAS BEEN A NET INCREASE OF 4 MILLION NEW JOBS OVER THE PAST YEAR. WE EXPECT A ONE PERCENT DROP IN UNEMPLOYMENT DURING 1978. OUR INFLATION RATE HAS BEEN

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ONLY FOUR PERCENT IN RECENT MONTHS, BUT AS THIS IS BELOW THE GENERAL TREND LINE OF SIX PERCENT, WE MUST ANTICIPATE SOME INCREASE IN INFLATION DURING 1978. WE ANTICIPATE A FIVE PERCENT GROWTH RATE IN 1978 AND HAVE MET OUR GROWTH TARGETS IN 1977 AS EXPRESSED AT LONDON.

WE ARE DEEPLY COMMITTED TO THE STRENGTH OF THE DOLLAR. THE ESSENTIAL PROBLEM REMAINS HIGH OIL IMPORTS. I AM HOPEFUL THAT LEGISLATION PROVIDING A COMPREHENSIVE ENERGY POLICY TO CUT DOWN ON A STEADY BASIS OUR IMPORTS OF OIL WILL SOON PASS. IF NOT FOR OIL IMPORTS, THE US WOULD BE RUNNING A \$15 BILLION SURPLUS. I HAVE JUST APPOINTED A NEW HEAD OF THE FEDERAL RESERVE BOARD, MR WILLIAM MILLER. HE HAS THE CONFIDENCE OF THE US BUSINESS COMMUNITY AS DID ARTHUR BURNS, AND I BELIEVE HE WILL DO AS WELL ON THE INTERNATIONAL SCENE. I CONSIDER INFLATION TO BE A MAJOR THREAT TO OUR ECONOMIES.

THE US DOES NOT CLAIM TO KNOW ALL THE ANSWERS. BUT I BELIEVE THE MAY SUMMIT CONFERENCE CAN BE VERY PRODUCTIVE IN TERMS OF STRENGTHENING THE ALLIANCE. I AM HEARTENED AT THE STRENGTHENED SENSE OF SHARED COMMITMENT IN NATO WHICH HAS FOLLOWED THE LONDON MEETING.

I PERSONALLY INVITE YOU TO CONTACT ME OR OTHERS IN OUR ADMINISTRATION WHENEVER YOU HEAR RUMORS OR PRESS REPORTS THAT CAUSE CONCERN. WE HAVE NOTHING TO HIDE. WE ARE OPEN. WE ARE PARTNERS. WE ARE ANXIOUS TO EXPLAIN OUR POSITION TO YOU. MOST IMPORTANTLY, I WISH TO underscore THAT WE BELIEVE THE DEFENSE OF EUROPE IS INTEGRAL WITH AND EQUAL TO THE DEFENSE OF THE UNITED STATES.

IN ORDER TO MAKE SURE THAT THERE IS NO MISUNDERSTANDING, I WISH TO MAKE CLEAR I CONSIDER SOVIET DEPLOYMENT OF THE SS-20 AS A SERIOUS DESTABILIZING FACTOR. I BELIEVE WE MUST LET THE SOVIETS KNOW THAT THEY CANNOT RAISE SUCH

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ISSUES AS DEPLOYMENT OF THE ENHANCED RADIATION WEAPON AND INACCURATELY CALL IT DESTABILIZING WHILE TRYING TO IGNORE TRULY DESTABILIZING ACTIONS OF THEIR OWN. END
MISSION NOTES. GLITMAN UNQTE VANCE

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